Sanitized Copy Approved for Release 2010/07/26 : CIA-RDP90-00494R001100700055-9

Memorandum

General Counsel
84-00722

STAT

Subject	Ronald R. Rewald Newspaper Article, Star Bulletin, April 7, 1984	Date	April 10, 1984

To Barbara Ward, Esq.
Federal Programs Branch
Civil Division
U. S. Department of Justice
Washington, D. C. 20530

Theodore Greenberg, Esq.
Assistant U. S. Attorney
701 Prince Street
Alexandria, Virginia 22314

STAT

From Daniel A. Bent
United States Attorney
District of Hawaii

By John F. Peyton, Jr.
Assistant U. S. Attorney

Enclosed for your information is a newspaper article dated April 7, 1984.

Enclosure

JFP/ljh

Sanitized Copy Approved for Release 2010/07/26 : CIA-RDP90-00494R001100700055-9

Sanitized Copy Approved for Release 2010/07/26 : CIA-RDP90-00494R001100700055-9

Star Bulletin 4/7/84

BBC Report Calls Rewald CIA Kingpin

By Charles Memminger
Star-Bulletin Writer

An investigative report by the British Broadcasting Corp. on the Ronald Rewald case makes Rewald out to be a kingpin of CIA activities in the Pacific.

The slick 30-minute program, which the Star-Bulletin reviewed yesterday, was broadcast on British television last month and has been distributed internationally.

While the report contains intriguing revelations apparently gleaned from the files of Bishop, Baldwin, Rewald, Dillingham & Wong that had been sealed by a federal court order, it lacks some facts that have been made public about Rewald and his associates.

One allegation — that Rewald was involved in the secret shipment of tanks and artillery to Taiwan — was publicly contradicted yesterday by the man who is supposed to have set up the arms deal.

Rewald said he could not give his reaction to the film because most of it deals with the CIA, a subject he is barred from discussing by court order.

THE REPORT begins with a remark by a commentator that "in the past five years, Hawaii has become a perfect base for spies — far enough from the American Mainland to avoid scrutiny and close enough to Asia to organize major intelligence operations."

It then goes on to describe Rewald as a longtime CIA agent and says his company did everything from spying on the president of the Philippines and selling arms to Taiwan to stealing the plans for a Japanese high-speed train.

Most of the allegations are not easy to prove or refute because the only people who would know are Rewald and the CIA, whose officials will not discuss the case.

For instance, it is known that Enrique Zobel is one of the big-

Turn to Page A-2, Col. 3

BBC Program Calls Rewald CIA Kingpin

Continued from Page One

gest bankers in the Philippines and that he knew Rewald through the Hawaii Polo Club, which Rewald owned.

The BBC report claims Rewald was cultivating Zobel to keep tabs on the Marcos government. The report says Rewald's company also was spying on Filipino dissidents at the University of Hawaii and feeding that information to the Marcos government.

LAST YEAR, Tomas Gomez, Zobel's associate, told the Star-Bulletin that Zobel's only contact with Rewald was to keep polo flourishing in Hawaii. It was learned later, however, that a company formed by Rewald and Zobel, Ayala Hawaii, also was involved in the development of a housing development in Spain.

The report also says that Air Force Capt. Ned Avary, an associate of Rewald's, set up the delivery of military tanks and other weapons to Taiwan.

Avary denies that.

He said he went to Paris, at Rewald's request, to make contact with an arms dealer through a former pilot he knew. Avary said the arms dealer, who legally sells "conquered equipment" throughout the world, could have supplied the tanks and weapons carriers but said the deal was never closed.

Avary, a retired military and commercial pilot, said that when Rewald would not give him information about the number of tanks Taiwan wanted and the amount it was willing to spend, the deal never went through.

AVARY NOW thinks Rewald's purpose was to generate the teletype messages that would seem to indicate that an arms deal had been engineered. He later found out that the arms dealer had his own representatives in Taiwan who would have been contacted if Taiwan actually wanted to buy arms, Avary said.

"I can only assume it (Rewald's purpose) was to get some documents for his alleged CIA file," Avary said.

Avary could not supply documentation to back up his claim.

Avary said he is not now working and has never worked for the CIA and said that he does not know of a single CIA-directed operation in Rewald's company.

Rewald, while saying he could not comment on anything to do with the CIA, said that Avary "should keep his mouth shut."

"This is not the time for any of us to be discussing any of this," Rewald said.

One of the most bizarre aspects of the report is Rewald's discussion of blueprints of a Japanese high-speed magnetic train.

IN WHAT PURPORTS to be a tape-recorded interview between Rewald and a lawyer while Rewald was in the Oahu prison, Rewald says: "I'm a little concerned about your use of me obtaining the blueprints for the (train) project in Japan in that I don't want to end up in bigger trouble than I am.

"Obviously, I did acquire this for the agency. It wasn't for personal gain or anything else. It was for the agency. I don't want to go to jail for stealing secret plans."

Rewald was asked about these plans yesterday but again said he could make no comment because of the court order.

The BBC report blames the collapse of Rewald's company on the news media, which, it said, had no idea that the company actually was a CIA front. It said the "front" collapsed, leaving $22 million "difficult to trace."

What the report did not say was that bankruptcy administrator Thomas Hayes traced 98 percent of the investments and concluded that little of it was invested and much was spent by Rewald on personal property.

THE REPORT SAID that no federal charges have been filed against Rewald; "yet, if he were a swindler, they should have been." The report fails to mention both a continuing federal Grand Jury investigation into criminal charges and a temporary injunction filed against Rewald by the Securities and Exchange Commission.

A misleading aspect of the BBC report is an on-camera interview of John Kelly, who, viewers are told, has monitored the CIA for 10 years and recently wrote a book about CIA operations in the United States. It fails to point out that Kelly was the investigator who did all of the research for the BBC report.

Also, while the report focuses on people who say they invested in Rewald's company after being told of its connection with the CIA, no other investors are interviewed.

Sanitized Copy Approved for Release 2010/07/26 : CIA-RDP90-00494R001100700055-9